

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

|  |   |  |                      |
|--|---|--|----------------------|
| (1) DEPARTMENT<br>Planning and Building  | (2) MEETING DATE<br>7/17/2012             | (3) CONTACT/PHONE<br>John Hofschroer, Supervising Planner / 781-5980                           |                      |
| (4) SUBJECT<br>Hearing to consider the Annual Review of the Public Facilities Fees Program for the 2010-2011 Fiscal Year.  |   |  |                      |
| (5) RECOMMENDED ACTION<br>Approve the 2010-2011 Annual Report for the Public Facilities Fees Program as shown in Attachment 1. No fee changes or amendment to the plan are proposed as part of this review |   |  |                      |
| (6) FUNDING SOURCE(S)<br>Existing budget   | (7) CURRENT YEAR FINANCIAL IMPACT<br>N/A  | (8) ANNUAL FINANCIAL IMPACT<br>N/A   | (9) BUDGETED?<br>Yes |
| (10) AGENDA PLACEMENT<br>{ } Consent    { } Presentation <b>{X}</b> Hearing (Time Est. 20 min)    { } Board Business (Time Est. _____)   |   |  |                      |
| (11) EXECUTED DOCUMENTS<br>{ } Resolutions    { } Contracts    { } Ordinances <b>{X}</b> N/A   |   |  |                      |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)<br>N/A   |   | (13) BUDGET ADJUSTMENT REQUIRED?<br>BAR ID Number:<br>{ } 4/5th's Vote Required <b>{X}</b> N/A |                      |
| (14) LOCATION MAP<br><br>N/A   | (15) BUSINESS IMPACT STATEMENT?<br><br>No | (16) AGENDA ITEM HISTORY<br><br><b>{X}</b> N/A    Date _____                                   |                      |
| (17) ADMINISTRATIVE OFFICE REVIEW  |   |  |                      |
| (18) SUPERVISOR DISTRICT(S)<br>All Districts   |   |  |                      |

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / John Hofschroer, Supervising Planner

VIA: Matt Janssen, Division Manager

DATE: 7/17/2012

SUBJECT: Hearing to consider the Annual Review of the Public Facilities Fees Program for the 2010-2011 Fiscal Year.

## **RECOMMENDATION**

Approve the 2010-2011 Annual Report for the Public Facilities Fees Program as shown in Attachment 1. No fee changes or amendment to the plan are proposed as part of this review.

## **DISCUSSION**

### **Background**

On August 20, 1991, the Board of Supervisors adopted Ordinance No. 2519 establishing Title 18 of the County Code, Public Facilities Fees. The Board determined that "the fees are needed to finance public facilities and to assure that new development projects pay their fair share for these facilities" (Section 18.01.010.) Resolution No. 91-536, adopted by the Board of Supervisors on October 15, 1991, approved the "San Luis Obispo County Public Facilities Financing Plan" (the Facilities Plan) and implemented the collection of public facilities fees. The Facilities Plan was revised and updated in 2006. The program established fees that are levied on new development throughout the unincorporated areas of the county to provide facilities for fire protection, general government, parks, Sheriff's patrol and libraries (added to the program in 1996). For fiscal year 2010-2011 a total of \$1,140,550 in public facilities fees were collected. In the previous fiscal year, 2009-2010, a total of \$1,194,560 was collected.

In accordance with the Government Code, the monies collected by this program can only be used to provide capital facilities needed to serve the needs of new growth and development in the unincorporated area of the county. The ongoing Operation and Maintenance (O&M) costs associated with the new facilities will have to come from other funding sources. The O&M costs to the County for new facilities can be significant over the life span of any new facility. Since these O&M costs cannot come from the facilities fees, these costs will have to come from other sources such as the County General Fund, parks and library funds. Table 1-4 of the Financing Plan (See Attachment 2) shows the amount of the Public Facilities Fees currently in effect.

Because there are always a number of competing priorities for available funds, the challenge will be to provide the facilities needed to keep pace with new development and then find funds from other sources to operate and maintain the facilities.

In accordance with Government Code Section 66006(b) (1), the County is required to make information available about the status of the Public Facilities Fees program and have the Board of Supervisors review that information.

Table A shows the number of construction permits by type and planning area for which public facilities fees were collected in fiscal year 2010-2011. As the table shows, the majority of projects were single family residences. It was noted in last year's Annual Report that a decline in projects that pay public facilities fees would likely continue due to a downturn in construction activities within the unincorporated areas.

**Table A**  
**Tabulation of Construction Permits Issued in FY 2010-2011**  
**for which Public Facilities Fees were paid - 7/1/10 to 6/30/11**

| Planning Area     | Single Family | Multi Family | Office    | Retail    | Industrial | Total      |
|-------------------|---------------|--------------|-----------|-----------|------------|------------|
| Adelaida          | 7             | 0            | 1         | 13        | 7          | 28         |
| El Pomar-Estrella | 12            | 0            | 2         | 4         | 8          | 26         |
| Estero            | 12            | 1            | 3         | 2         | 1          | 19         |
| Huasna/Lopez      | 10            | 3            | 0         | 0         | 0          | 13         |
| Las Pilitas       | 1             | 0            | 0         | 1         | 1          | 3          |
| Los Padres        | 2             | 0            | 0         | 0         | 0          | 2          |
| Nacimiento        | 7             | 0            | 1         | 0         | 0          | 8          |
| North Coast       | 4             | 0            | 0         | 0         | 1          | 5          |
| Salinas           | 19            | 1            | 0         | 3         | 4          | 27         |
| San Luis Bay      | 20            | 0            | 3         | 1         | 1          | 25         |
| San Luis Obispo   | 5             | 0            | 2         | 0         | 2          | 9          |
| Shandon/Carrizo   | 7             | 0            | 0         | 0         | 1          | 8          |
| South County      | 41            | 0            | 0         | 2         | 1          | 44         |
| <b>Total</b>      | <b>147</b>    | <b>5</b>     | <b>12</b> | <b>26</b> | <b>27</b>  | <b>217</b> |

Table B further illustrates the decline in recent years in new residential permits that contribute to public facilities fees. The first half of this fiscal year shows a slight improvement for the first half.

**Table B**  
**Comparison - Residential Permits by year**

|            |     |
|------------|-----|
| FY 2005-06 | 861 |
| FY 2006-07 | 528 |
| FY 2007-08 | 374 |
| FY 2008-09 | 231 |
| FY 2009-10 | 248 |
| FY 2010-11 | 217 |

### **Annual Review of Public Facilities Fees**

Government Code 66000 et seq. establishes the requirements for implementation of development fees. The code also establishes requirements for an annual review of the fees program. Section 66006(b) (1) specifies that the annual report address the following:

- a. A brief description of the type of fee in the account or fund;
- b. The amount of the fee;
- c. The beginning and ending balance of the account or fund;
- d. The amount of the fees collected and the interest earned;
- e. An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;
- f. An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement as identified in paragraph (2) of subdivision (a) of Section 66001, and the improvement remains incomplete;
- g. A description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an inter-fund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

Attachment 1 is a series of spreadsheets that provide the data for the accounts that existed for fiscal year 2010-2011. The projects identified in the attachment are consistent with those found in the Facilities Plan. The spreadsheets contain an accounting of the monies and the projects for which facilities fees have been collected during the past fiscal year.

### **No Increase in Fees Recommended for Consumer Price Index**

Staff has reviewed the fees to determine if the cost estimates for future public facilities are adequate and whether the fees should be increased to reflect increased costs. For April 2011, the CPI was 3.3%. Staff does not recommend an increase based on the Consumer Price Index (CPI), consistent with other adopted County fees. Current fees are shown in Attachment 2.

**Table C**  
**Previous Fee Increases According to CPI**

|            |      |
|------------|------|
| FY 2006-07 | 3.0% |
| FY 2007-08 | 3.7% |
| FY 2008-09 | None |
| FY 2009-10 | None |

### **Previous Board direction – Review of Park Fees**

Your Board previously directed staff to investigate the possibility of adding new Park Fees to come from development approved in the Visitor Serving/Commercial categories. Staff was to return to the Board with the proposed fees, together with the analysis and justification. The new fee would be an amendment to both the Public Facilities Financing Plan and Title 18 Public Facilities Fees Ordinance.

Staff contracted with Town Hall Services, the County's consultant who developed the last major update to the Facilities Plan in 2006. The consultant's opinion was that the proposal was feasible; however this is not a common practice in other jurisdictions. No other jurisdictions were identified as a model for collecting visitor serving/commercial parks PFF.

The Parks PFF is based on the County's park acreage standard. Adding a Visitor Serving/Commercial Parks PFF would not generate additional Parks PFF unless the standard for park acreage was raised. It would merely redistribute the Parks PFF to both new Residential and new Visitor Serving/Commercial development. If the County's park acreage standard were raised, the additional PFF necessary to support the higher standard could potentially be levied on additional Visitor Serving/Commercial development without needing to reduce the current fee levied on residences. This would require implementing a Visitor Serving/Commercial Parks PFF and raising the County's park acreage standard concurrently.

If the County were to pursue a Visitor Serving/Commercial Parks PFF, the appropriate sharing of the cost of facilities for visitors, would need to be determined. Hotels and motels are a clear example of tourist facilities that generate park users. It is difficult to identify how development fees could be conveniently levied on the other facilities used by tourists. For example, tourists are a major portion of the customers at restaurants, yet they are a minority of all customers. It would not be equitable to levy parks fees on restaurants just because many of their customers are tourists, some of whom may use of park facilities. A store that sells beach wear and gear is another illustrative example. The store might be primarily visitor serving, but it would likely choose to rent an existing building rather than building and incurring a fee. Acknowledging the role of other facilities in accommodating visitors provides a reason for not assigning the full parks cost impact to hotels and motels.

Staff recommends that the application of Visitor Serving/Commercial Parks PFF not be pursued at this time based on the following:

1. The County's park acreage standard would need to be raised in order to generate additional Parks PFF.
2. No other jurisdictions have been identified as practicing Visitor Serving/Commercial Parks PFF.

An equitable fee levy on non-hotel/motel visitor serving development is difficult to determine.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

This report has been prepared in consultation and coordination with the Auditor's Office, Parks, Library, Fire, Sheriff, County Counsel, and Administrative Office.

### **FINANCIAL CONSIDERATIONS**

The monies collected from permits are deposited in designated accounts in accordance with Government Code Section 66006(b) (1). The County Auditor's report on those accounts is found in Attachment 1. Current fees are shown in Attachment 2.

In addition to the fees collected for development of specified public facilities, an administrative fee of 2.0% is charged to offset the costs of administering the program. Your Board has designated the Department of Planning and Building as the department responsible for the program administration. Over the long term, the 2.0% administrative fee covers the county's costs of operating the program.

### **RESULTS**

The County will remain in compliance with the requirements of the Government Code for the public notice, annual review and approval of the Public Facilities Fees Program.

## **ATTACHMENTS**

- Attachment 1. Annual Report for the Public Facilities Fees Program for FY 2010-11
- Attachment 2. Current Public Facilities Fees